EUROPEAN CENTRAL BANK

EUROSYSTEM

01 February 2024

OUTCOME[1] OF THE 4TH

T2 CONTACT GROUP (T2-CG)

13 December 2023, 10:00 – 13:30 CET

Online (Microsoft Teams)

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[1] **A-Items**: for information / expected to be agreed without being presented in detail / discussed in the meeting.

   B-Items: a detailed presentation / discussion is expected during the meeting (as basis for giving guidance or taking a decision if needed).

0.   Approval of the agenda and introductory remarks

The Chairpersons will welcome the participants and briefly introduce the agenda. The participants will be invited to agree on the agenda of the meeting.

1.   Introduction

1.1 Outcome of the last meetings   A item

The members of the T2-CG will be invited to approve the outcome of the last T2-CG meeting.

Documents:

- Outcome of the 3rd T2-CG meeting

2.   Debriefings   B item

2.1 AMI-Pay Meeting

The members of the T2-CG will receive a summary of what has been discussed at the AMI-Pay last meeting on 7 December 2023

Outcome:

- The AMI Pay invited the T2-CG to reflect upon the scenarios and decision criteria that would lead to the activation of the Crisis Communication Group (CCG)[2]. Feedback by the T2-CG is expected for the next AMI Pay meeting that is taking place in May 2024.

- One chairperson presented a first set of criteria to the members of the T2-CG proposing that the CCG should only be activated in case of highly impactful incidents, in particular those that require (i) activation of ECONS II, (ii) T2 intra/inter region failover; (iii) activation of recovery procedures to restore the system data, or (iv) in case of a prolonged outage of one (or both) of the Network Service Provider (NSP).

- In addition to the identification of the CCG activation scenarios, AMI Pay also expect receiving the general criteria that CB crisis managers would take into consideration when assessing whether to activate the CCG. It is proposed that these criteria could refer to (i) the duration of the incident, (ii) the liquidity conditions (volatility) in the market, (iii) the need to clarify a communication regarding the incident that is published

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[2] CCG is comprised of crisis managers of all T2 CBs as well as the critical participants and critical ancillary systems.

on the ECB website, and (iv) the complexity of actions that need to be carried out by participants as a result of an incident.

- The ECB will prepare a document based on the above listed scenarios and decision criteria for activation of the CCG, which will be circulated to the T2-CG before its February 2024 meeting where it will be further discussed.

2.2 Critical participant exercise

The members of the T2-CG will receive an update about the designation of critical participants in T2.

Outcome:

- The T2-CG members were reminded of the criteria for identifying critical credit institution and critical ancillary systems which remain the same as those used so far in TARGET2.

- The last identification of critical participant was performed in August 2022. The T2-CG members were informed that the identification of critical participants was not possible in 2023 due to the migration to the new T2 and the need to recalibrate the critical participants simulation tool. Therefore, the participants identified as critical in 2022 will also be considered critical in 2023.

- The next identification of critical participant will take place in summer 2024.

3. T2 Operations   B item

3.1 T2 Analytics

The T2-CG will be presented with the latest T2 traffic indicators.

Documents:

- [ECB] T2 traffic developments

Outcome:

- The T2-CG members took note of the latest T2 traffic indicators. It was highlighted that the earlier opening of T2 (comparing to TARGET2)

- led to lower volume concentration at the start of day. The traffic in the new early morning hours is largely driven by correspondent banking activities with other currency areas. Further analysis on the settled transactions during the early T2 opening times will be performed in the coming weeks and will be presented in the next T2-CG meeting.

- Furthermore, the T2-CG members were informed that the provisioning of T2 monthly statistics (per service) on the ECB website was recently resumed.

3.2 Regular reporting on operational matters

The T2-CG will be debriefed on the incidents with higher impact that took place since the last T2-CG meeting. Moreover, participants will be debriefed on the deployment of November's T2 release to PROD on 18/11/2023.

Documents:

- [ECB] T2 operations and incidents

Outcome:

- The T2-CG members were debriefed about the successful implementation of the T2 November 2023 release.

- Furthermore, the T2-CG were informed of three most significant incidents that took place since the last T2-CG meeting with impact on participants, i.e. 27 October incident (slow A2A processing), 7 November (ESMIG U2A unavailability) and 23 November (login issues via ESMIG portal (U2A)).

- Several T2-CG members stressed the importance of a timely communication on the ongoing incidents, especially for incidents occurring close to the end of a business day cut-off, as was the case on 27th October. It was agreed that further analysis will be performed regarding the overall handling of this incident, in particular with the timely submission of notifications via emails. The identified lessons learned will be reported to the T2-CG in its next meeting.

- As a general remark, it was acknowledged that, from the incidents observed since the start of T2, there were several incidents affecting U2A access to ESMIG. It was confirmed that the Eurosystem sets as a priority to stabilise U2A access to all GUIs.

4. T2 Evolution - Change and Release Management

4.1 T2 Releases   A item

The participants will be updated on the T2 R2024.JUN and T2 R2024.NOV releases.

<u>Outcome:</u>

- The ECB informed that the main milestones and scope of the T2 R2024.NOV release will be published on the ECB website by 15 December 2023.

4.2 Change Requests   B item

The T2-CG will be invited to discuss/take note of the following points on selected Change Requests and functional aspects:

4.2.1 Collection of reference data subject to intraday propagation

As per the current T2 implementation, reference data configured in CRDM (except for party/cash accounts blocking) are propagated once a day during the data propagation and loading process at 18.00.

In order to plan the future evolution of the system, it would be beneficial to identify reference data which might be subject to intraday propagation. In this context, participants will be invited to share their views and help collect reference data which could be subject to intraday propagation.

<u>Outcome:</u>

- The ECB invited T2-CG members to share their views on which reference data could be relevant for intraday data propagation from their perspective.

- The ECB clarified that, based on the input received, an analysis will be required, in order to find a reasonable balance of benefits, efforts, costs and risks linked to the development or operations.

- The T2-CG provided the following input:
    - Addition/removal of participant from SBAG intraday
    - intraday propagation for the roles

- o possibility to renew a certificate intraday (for cases where the renewal window has been missed)
  - o possibility to change the NSP intraday for contingency reasons.

- Regarding the point iv) the ECB clarified that there is a dedicated CR for this point.

- The T2-CG members requested more time in order to provide their final input and for this reason, it was agreed to launch a T2-CG consultation on the matter in January 2024.

- The ECB will clarify with 4CB and revert back to the T2-CG on whether the system has to be stopped in order to perform the intraday propagation.

4.2.2 Status Update of the CR T2-0125-UDFS

The participants will be updated on the status of the CR T2-0125-UDFS "HVPS+ maintenance on T2 RTGS messages" following the discussion during the T2-WG meeting on 29 November 2023.

Following the 4CB recommendation, the T2-WG agreed to descope the requirement aiming to have the interim balance in the statement of account (camt.053). This will allow the deployment of the CR as soon as possible. A separate CR will be raised to address the descoped requirement.

Outcome:

- The ECB informed that the T2-WG has agreed to descope the requirement of having the interim balance in the statement of account (camt.053) in order to increase the chances to have the CR implemented as soon as possible with the target release being T2 R2024.NOV. The descoped requirement will be followed up via a separate CR dedicated to it.

- T2-CG members highlighted the necessity of having the additional requirement delivered in the near future.

- The ECB confirmed that the CR on the descoped requirement will be treated with priority.

4.2.3 Participants intended usage of A2A in secondary NSP - after the dual connection requirement is implemented

Central Banks and Critical participants have been mandated to have contracts with two Network Service Providers (NSPs), as of March 2025 and March 2026 respectively. A primary NSP for U2A-only or A2A connectivity and a secondary NSP for at least a U2A connection for contingency situations.

In that context and to allow the Eurosystem to better prepare the enforcement of this new policy, participants will be invited to share their views on 1) whether they intend to use the secondary NSP in A2A given that the requirement is to have only U2A in the secondary NSP, 2) How they would see this working in practice.

Outcome:

- The ECB invited T2-CG members to share their views on whether they are intending to use the secondary NSP in A2A given that the requirement is to have only U2A in the secondary NSP.

- The ECB explained that the scenario assumed is a complete outage of the primary NSP for a prolonged time.

- In this context, it was clarified that without any software change, if a participant decides to have a contingency NSP via U2A, the assumption is that its users are already configured in CRDM and ready to perform allowed actions via U2A e.g. payments. If a participant decides to have a contingency NSP in A2A, it initiate a A2A payment with that NSP but will not receive a credit/debit notification (camt.054) and possibly not the account statements (camt.053) as the former message is sent only to the default routing and the latter is sent only to routing configured in CRDM.

- The T2-CG members indicated that they do not have enough information at this stage to decide using a second NSP in A2A. In particular, they miss a clear view of what would be possible in U2A/A2A in different scenarios (e.g. major worldwide outage, major regional outage while other economic areas ae still functional, etc.), and also a view of how many participants would still be in the position to send payment messages and thus redistribute incoming liquidity (considering the obligation of a second NSP only apply to CBs and critical participants).

- It was agreed to reconsider this topic at a later point. This will allow for sufficient time to further explore different scenarios before making any decision and, in particular, before raising a possible Change Request to allow seamless handover to a second NSP in A2A. In addition, such a decision would benefit from operational experience with T2 that is currently being build since the go-live in March 2023.

Documents:

- [ECB] T2 Change Requests

4.3 DWH   A item

The T2-CG will be provided with the status of pre-defined reports which are not yet activated.

The list of pre-defined reports which are not yet activated is included in the T2 Production document which is published on the ECB website.

5.   Capacity/Demand Management   B item

The participants will be provided with an update on the CR Implementation Capacity and Demand.

Document:

- [ECB] T2 Capacity-Demand planning for 2024-2026

Outcome:

- The ECB provided the latest status of the T2 Demand Collection 2024-2026 exercise which was finalised in October 2023 and reported that no issues have been identified compared to the implementation capacity for 2023-2026 delivered by 4CB. Therefore, it was concluded to share the demand for 2024-2026 with 4CB as it has been requested.

- A more accurate assessment will be provided at the end of Q1-2024 when more detailed assessments of change requests planned for these years will be completed.

6.   Any Other Business

6.1 ISO 20022 data harmonisation requirements according to a recently published CPMI report   B item

The T2-CG will be presented with a summary of the CPMI report on harmonised ISO 20022 data requirements for cross-border payments.

Documents:

- [ECB]_CPMI_and_its_report_on_harmonised_ISO_20022_data_requires_for_cross-border_payments

Outcome:

- The ECB debriefed on the CPMI report for the Harmonised ISO 20022 data requirements for cross-border payments.